



August 23, 2023

VIA ELECTRONIC DELIVERY

Ms. Vanessa A. Countryman  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**RE: The Nasdaq Stock Market LLC; Notice of Filing of Proposed Rule Change to Establish Listing Standards Related to Notification and Disclosure of Reverse Stock Splits; (File No.: SR-NASDAQ-2023-025)**

Dear Ms. Countryman:

Virtu Financial, Inc. (“Virtu”)<sup>1</sup> respectfully submits this letter in response to the above-referenced rule filing submitted by the Nasdaq Stock Market LLC (“Nasdaq”) on July 28, 2023 (the “Proposal”).<sup>2</sup> The Proposal seeks to update its listing rules governing the timeframes for issuers to provide notice to Nasdaq and to the public about corporate actions involving reverse stock splits. Specifically, the Proposal would (i) shorten the required notice period for issuers to report planned reverse stock splits to Nasdaq from fifteen (15) calendar days to five (5) business days which would provide issuers with additional time to supply more complete data and thorough information to Nasdaq, and (ii) increase the timeframe for issuers to publicly disclose planned reverse stock splits from one (1) business day to two (2) business days.

Virtu commends Nasdaq for seeking to modernize its listing rules governing notice about reverse stock splits. Nasdaq noted in the Proposal that reverse stock splits have become much more prevalent in recent years, and are often carried out by small companies that do not have expansive media or research analyst coverage. Another contributing factor is that some issuers are unable to meet the minimum price requirement that is part of the listing standard and therefore must reverse split to avoid being delisted. Accordingly, news about a reverse stock split may not

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<sup>1</sup> Virtu is a leading financial firm that leverages cutting edge technology to deliver liquidity to the global markets and innovative, transparent trading solutions to its clients. Virtu operates as a market maker across numerous exchanges in the U.S. and is a member of all U.S. registered stock exchanges. Virtu’s market structure expertise, broad diversification, and execution technology enables it to provide competitive bids and offers in over 25,000 securities, at over 235 venues, in 36 countries worldwide. As such, Virtu broadly supports innovation and enhancements to transparency and fairness which enhance liquidity to the benefit of all marketplace participants.

<sup>2</sup> SEC Release No. 34-98014; File No. SR-NASDAQ-2023-025 (July 28, 2023), available at <https://www.sec.gov/files/rules/sro/nasdaq/2023/34-98014.pdf>.

be broadcast widely to market participants.<sup>3</sup> Enhancing the notice requirements related to reverse stock splits is expected to improve the transparency around corporate actions and further enable market participants to make the proper systems and other operational adjustments to account for a reverse stock split and reduce the operational risk of a corporate action error.

#### Notice to Nasdaq

Under the current listing rules, issuers are required to notify Nasdaq fifteen (15) calendar days in advance of a reverse stock split. In many cases, issuers are unable to provide complete information about an upcoming reverse stock split so far in advance of the planned split date – *e.g.*, the issuer may not have complete information about the split ratio, the new CUSIP number, dates of board approval, shareholder approval, DTC eligibility, or the effective date of the reverse stock split. Accordingly, issuers now must supplement that information as it becomes available.

The Proposal would shorten the notice requirement to five (5) business days before the planned reverse stock split. Virtu supports this change, which would provide issuers with additional time to obtain more complete data and thorough information before reporting the planned corporate action to Nasdaq, and which would result in Nasdaq having more complete information in advance of the planned reverse split date to ensure that all of the technical requirements have been satisfied.

#### Notice to the Public

Under the current listing rules, issuers are required to publicly disclose a planned reverse stock split one (1) business day before the corporate action is taken. Virtu agrees that a one-day notice period is too short and carries the risk that market participants could inadvertently miss the announcement, leading to market disruption and investor confusion. As noted in the Proposal, if “a market participant inadvertently misses the announcement, they may continue to accept orders at the pre-split price, rather than the post-split adjusted price, which could lead to volatility in the stock price and trading inaccurate share amounts.”<sup>4</sup> Virtu agrees that increasing the notice requirement to two (2) business days will enable market participants to plan more effectively for a reverse stock split, which will contribute to the maintenance of fair, orderly, and efficient markets.

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<sup>3</sup> Information about stock splits (including reverse stock splits) is generally provided by exchanges to their issuer members or as a paid-for service, which is another reason why such information is not broadly distributed. Virtu’s broker-dealer clients do not have direct access to corporate action information from exchanges, and therefore rely on us and news services to learn about planned reverse stock splits.

<sup>4</sup> Proposal at 7.

We applaud Nasdaq for thinking creatively about solutions that will make our markets more transparent and provide market participants with the information they require to make needed adjustments in advance of corporate actions, such as reverse stock splits, and encourage Nasdaq and other exchanges to continue considering additional efforts designed to improve the transparency and operational risks around the handling of reverse splits and other corporate actions.

Respectfully submitted,



Thomas M. Merritt  
Deputy General Counsel

cc: The Honorable Gary Gensler, Chair  
The Honorable Hester M. Peirce, Commissioner  
The Honorable Caroline A. Crenshaw, Commissioner  
The Honorable Mark T. Uyeda, Commissioner  
The Honorable Jaime E. Lizarraga, Commissioner  
Dr. Haoxiang Zhu, Director, Division of Trading and Markets  
Adena Friedman, Chief Executive Officer, Nasdaq